

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Promote Policy
and Program Coordination and Integration in
Electric Utility Resource Planning.

Rulemaking 04-04-003
(Filed April 1, 2004)

**CHIEF ADMINISTRATIVE LAW JUDGE'S RULING PROVIDING
NOTICE OF AVAILABILITY OF STAFF CAPACITY MARKETS
WHITE PAPER AND PROVIDING FOR COMMENTS**

Summary

In accordance with direction provided Assigned Commissioner's Ruling issued on February 28, 2005, this ruling provides notice of availability of a Staff White Paper entitled "Capacity Markets White Paper" and further provides that the White Paper shall be lodged in this docket. The White Paper may be obtained at <http://www.cpuc.ca.gov/published/report/48884.htm>. This ruling also provides for comments and replies that address issues raised in the White Paper.

Discussion

The White Paper is the first step in responding to President Peevey's February 28, 2005 Assigned Commissioner Ruling (ACR) in Rulemaking (R.) 04-04-003, which directed Staff to "evaluate the prospect of moving forward with a capacity market approach to enhance the resource adequacy program under development in this proceeding." More specifically, the ACR asked Staff to examine the New York demand curve to capacity development and how it may serve to "manage market power concerns and a foundation for new investment." Also, the ACR asked Staff to examine how the New York approach

“may also serve as a model for defining state and jurisdictional roles and authorities.”

In order to fully inform the Commission and move the process forward, Staff seeks comments from interested parties. Comments may address any issue discussed in the paper, but should focus on the following sections in the White Paper:

- 1) “Lessons Learned and Related Policy Questions” outlined in Section VI. E.
- 2) Staff’s recommendations outlined in Section VII;
- 3) Appropriate roles and responsibilities of the Commission and CAISO in the development, design, and potential implementation of capacity markets outlined in California in Section VIII; and
- 4) Any other significant issues not addressed above.

This ruling is served by both electronic and regular mail on parties whose names appear on the service list in R.04-04-003. Upon review of comments, Staff will make a recommendation on an appropriate process for moving forward with the investigation of capacity markets. At this time, the Assigned Commissioner does not intend to broaden R.04-04-003 to encompass capacity markets issues because this docket is slated to close in the near future. When that occurs, further formal Commission proceedings regarding capacity markets will be taken up in a new docket, such as an Order Instituting Rulemaking focused on such issues, and the record developed here will be transferred there.

IT IS RULED that

1. Parties are hereby notified of the availability of the Capacity Markets White Paper prepared by advisory staff. The report has been posted on the Commission’s website and may be obtained at the following link:

<http://www.cpuc.ca.gov/published/report/48884.htm>.

2. The White Paper shall be lodged in this docket.
3. Those parties who wish to comment on the White Paper, in accordance with the foregoing discussion, shall file and serve opening comments September 23, 2005 and shall file and serve reply comments by October 10, 2005.
4. All comments must be filed with the Commission's docket office in paper format in accordance with Article 2 of the Commission's Rules of Practice and Procedure. Any document that is filed must also be served electronically as provided in Rule 2.3.1.
5. Comments shall also be provided electronically and in hard copy (five copies) to:

**Jack Fulcher
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, Ca, 94102
JEF@cpuc.ca.gov**

Dated August 25, 2005, at San Francisco, California.

/s/ ANGELA K. MINKIN

Angela K. Minkin, Chief
Administrative Law Judge

ATTACHMENT
CAPACITY MARKETS WHITE PAPERS¹

¹ The original Capacity Markets White Paper is attached to the original “Chief Administrative Law Judge’s Ruling Providing Notice of Availability of Staff Capacity Markets White Paper and Providing for Comments” which is located in the Commission’s formal file in Rulemaking 04-04-003. Parties to that proceeding have received a copy of the Chief Administrative Law Judge’s ruling without the hard copy of the White Paper attached, but with the instruction that they may access the White Paper at <http://www.cpuc.ca.gov/published/report/48884.htm>., or may obtain a hard copy of the White Paper by contacting the Commission staff at JEF@cpuc.ca.gov.

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Chief Administrative Law Judge's Ruling Providing Notice Of Availability Of Staff Capacity Markets White Paper And Providing For Comments on all parties of record in this proceeding or their attorneys of record.

Dated August 25, 2005, at San Francisco, California.

/s/ JANET V. ALVIAR

Janet V. Alviar

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.